

## *Summary of Minutes*

**ECONOMIC DEVELOPMENT COMMISSION MEETING HELD ON FRIDAY, SEPTEMBER 24, 2010 AT 12:00 PM IN THE HOOKER CONFERENCE ROOM OF CITY HALL AT SHOWERS, 401 NORTH MORTON STREET, BLOOMINGTON, INDIANA**

### **Call to Order**

The meeting of the EDC was called to order at 12:07 PM.

### **Roll Call**

Members present: Dick McGarvey, Kurt Zorn, Malcolm Webb.

Staff present: Danise Alano Martin, Economic and Sustainable Development Director; Adam Wason, Economic and Sustainable Development Assistant Director, Vickie Renfrow, City of Bloomington Legal Department; Dan Sherman, City Council Attorney; Shazia Davis, Intern.

Others present: Jeff Green.

### **Approval of Minutes**

Dick McGarvey moved to approve the previous minutes by acclamation. Minutes were approved unanimously.

### **Old Business**

Danise Alano Martin briefly reported on all outstanding BILF loan funds and the fund status. There is more than \$638,000 in the fund.

Vickie Renfrow reviewed the history of the Cha Cha business disruption loan. In 2000, Cha Cha had been operating in various locations, but mostly on Kirkwood for more than 20 years. They were in the process of launching two new stores in Indianapolis when the Big Dig happened. The Big Dig was extremely disruptive to businesses along that portion of Kirkwood and the City wanted to do something to help with business loss in that area. The BILF Disruption Bridge Loan Fund benefits businesses that are being seriously hurt by City projects. Three businesses applied: Cha Cha, McDonalds, and Nick's. Nick's paid off their loan. McDonalds paid off their loan and then went out of business. Cha Cha was making payments regularly when, in February of 2002, there was a fire at the business. Two months later the payments stopped. Litigation regarding the fire ensued. The case has been very lengthy and clearly the insurance company has been responsible for its continuance as well as difficulty of litigation. The case has gone to the Court of Appeals and there have been about 15 different hearings on every issue. Ultimately they ended up settling the case and still other aspects occurred last month. We are here today to reach an understanding on how Cha Cha will repay the loan to the City given these circumstances.

Jeff Green, owner of Cha Cha, said he and his wife are very grateful to the City for making the initial loan. They were emerging from hardships related to the Big Dig when the fire occurred. Mr. Green thanked the City for working with Cha Cha and being flexible after the fire. Mr. Green explained the serious financial difficulties he and his family have experienced and continue to experience. However, they would now like to pay the City back.

Mr. Green proposed that Cha Cha start paying the loan back in October of this year, 2010, and requested that payments start out at \$500 per month for the first 12 months. Cha Cha would pay \$500 per month for 12 months and then pay the remainder at \$1,000 per month until the loan is paid off. This would result in a loan payoff over 26 months instead of 20 months. Mr. Green expressed that they know they owe the money and they are happy to pay it. They are just asking for this one last concession on the City's part to help get them through this so they can still contribute to the community they love dearly. Cha Cha is a family business, running since 1976, having started with Mr. Green and his mother. Now his daughter is the second generation and currently the face of the business.

Ms. Renfrow further clarifies the proposal, noting that this would be 12 payments of \$500, followed by 14 payments of \$1,000. Mr. McGarvey questions when the City would start charging interest. Ms. Renfrow responds that they will start charging interest now, in October 2010.

Malcolm Webb asked how the business is doing now. Mr. Green responded that all funds not in debt service are being utilized to improve the store. They are starting a website, bringing in some recent IU graduates to help with business, and starting to come around. Mr. Green reported that Cha Cha currently has the potential to generate one million dollars in gross sales per year with contributions. Prior to this, the maximum sale generation was about \$700,000 a year; last year they made \$460,000.

Mr. Green stated that they received less than 30% of the settlement. After all the fees they came out with the business, but lost everything else.

Mr. Webb asked about other debts. Mr. Green responded that they had vendors, tax liabilities, family members, and friends.

Mr. McGarvey asked about whether the City has a claim to Mr. Green's assets. Ms. Renfrow responded yes. The loan is fully secured, and the City is now in first position.

Mr. Webb noted that he felt the issue here is the opportunity cost for the EDC of the money. Since this is not an issue, because the loan fund has funds available to lend, he feels that there is no problem with the altered amortization schedule. Ms. Renfrow agreed.

Kurt Zorn suggested that the adjustments to the amortization schedule be written such that Mr. Green would not have to come back in 12 months to rewrite the repayment agreement. He would like to provide flexibility for this small business trying to get back

on its feet and agreed that this is a small amount of money compared to the total loan fund. Mr. Zorn motioned that the payment be \$500 per month for the life of the loan and that Cha Cha can prepay without any penalties if they have the ability to do so. Mr. Webb seconded the motion and commented that this business fits with everything they are looking for in downtown. The motion was approved unanimously.

The next order of business was the 2011 meeting schedule. The EDC will continue to meet the 4<sup>th</sup> Friday of every month except holidays. The tax abatement report is scheduled for June 10. Dan agreed that it is a great schedule for the City Council's purposes as well.

### **Meeting Adjournment**

Malcolm made a motion to adjourn. Motion approved by general consensus. Meeting adjourned at 12:39 PM.